

Message Text

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ACTION EUR-12

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FM AMCONSUL WINNIPEG
TO SECSTATE WASHDC 2207
INFO AMEMBASSY OTTAWA
AMCONSUL CALGARY
AMCONSUL VANCOUVER

UNCLAS WINNIPEG 173
E.O. 11652: N/A
TAGS: PINT, EGEN, CA
SUBJ: WESTERN PREMIERS CRITICAL OF INTRUSIVE SALES TAX CUT

REF: OTTAWA 1814

1. CANADA S FOUR WESTERN PREMIERS HELD THEIR ANNUAL CONFERENCE IN YORKTON, SAKSATCHEWAN APRIL 13-14. FIRST DAY DEALT WITH GENERAL STATE OF THE ECONOMY WITH REMAINDER DEVOTED TO CONSTITUTIONAL TRENDS, REGIONAL ENERGY COOPERATION, AND OTHER WESTERN GRIEVANCES.
2. GREATEST STIR CENTERED ROUND JOINT COMMUNIQUE WHICH SAID WESTERN PREMIERS WERE ...SHARPLY CRITICAL OF THE UNILATERAL AND INTRUSIVE WAY BY WHICH FEDERAL SALES TAX CUT HAD BEEN PUT FORWARD IN BUDGET (SEE REFTEL). WHILE NOT DEBATING PRINCIPLE OF THE SALES TAX CUT AS A FISCAL MEASURE, THE PREMIERS NOTED THAT FEDERAL GOVT HAD NOT USED FEBRUARY CONFERENCE OF FIRST MINISTERS TO RAISE PROPOSAL, BUT INSTEAD GAVE PROVINCES "ONLY DAYS" TO CONSIDER THE PLAN.
3. DESPITE SHORT NOTICE, BRITISH COLUMBIA, MANITOBA AND SASKATCHEWAN

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WERE ABLE TO INCORPORATE SALES TAX CUT INTO THEIR BUDGET CALCULATIONS

.
PREMIER PETER LOUGHEED OF ALBERTA, WHERE THERE IS NO SALES TAX, SAID HIS PROVINCE AGREED TO GO ALONG WITH THE TAX CUT FOR 6 MONTHS, BUT WOULD OBJECT VERY STRONGLY TO ANY ATTEMPTS TO EXTEND THE MEASURE

BEYOND THAT PERIOD.

4. OTHER MAJOR POSITIONS TAKEN AT THE CONFERENCE WERE:

-- CANADA REFERENDUM ACT: THE PREMIERS FEAR IT SERIOUSLY THREATENS
TRADITIONAL FEDERAL-PROVINCIAL NEGOTIATING PATTERNS, AND THEY
STRESSED IT MUST NOT BE USED TO BYPASS WELL ESTABLISHED
CONSTITUTIONAL

PRACTICES AND PRECEDENTS.

-- REGIONAL ENERGY COOPERATION: A MANITOBA PROPOSAL WAS ACCEPTED
TO STUDY FEASIBILITY OF WESTERN ELECTRICITY GRID. MANITOBA HYDRO
ALREADY SELLS SURPLUS POWER TO ONTARIO, SASKATCHEWAN AND
MINNESOTA
AS DOES B.C. HYDRO TO AMERICAN NEIGHBORS. REGIONAL GRID WOULD TIE
TOGETHER ALL FOUR PROVINCES, INCLUDING ALBERTA WHICH PRESENTLY HAS
NO INTER-CONNECTION WITH MANITOBA.

-- TRANSPORTATION: PREMIERS CALLED FOR FED GOVT TO IMPLEMENT HALL
COMMISSION RECOMMENDATIONS, AND REJECT ONCE AND FOR ALL USER-PAY
POLICY IN TRANSPORTATION ESPOUSED BY FED TRANSPORT MINISTER OTTO
LANG

5. COPIES OF CONFERENCE COMMUNIQUE BEING POUCHED TO ADDRESSEES.
HUTSON

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